



# HELPING OUR STUDENTS TO HELP US

By Morgan O'Sullivan, Ed.D



*Approximately 70% of all undergraduates leave university today  
with some form of student debt.  
(Hess, 2017)*



## The Presenter

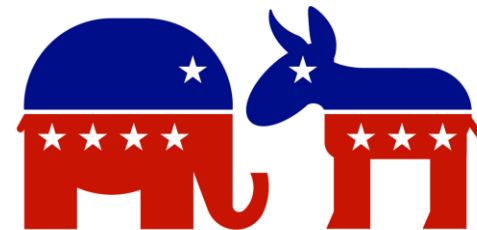


- Bachelor of Commerce (University College Cork)
- MSc. (Commerce) (University College Cork)
- PGCE (Elementary) (St. Mary's, Twickenham)
- Ed.D. (Educational Leadership) (Lynn University)

- Ed.D focused on theme of Financial Literacy
- An Investigation Measuring the Impact of Financial Literacy Programs on University Student Debt

- 14 Years Experience Student Financial Services
- Design & Coordination of Financial Literacy Programs

- 1999 - Summer Camp – Girlfriend – Wife – 3 Children
- 2004 – Lynn University -Specialist- Senior Specialist – Assistant Director – Associate Director – Director – Director of Communications



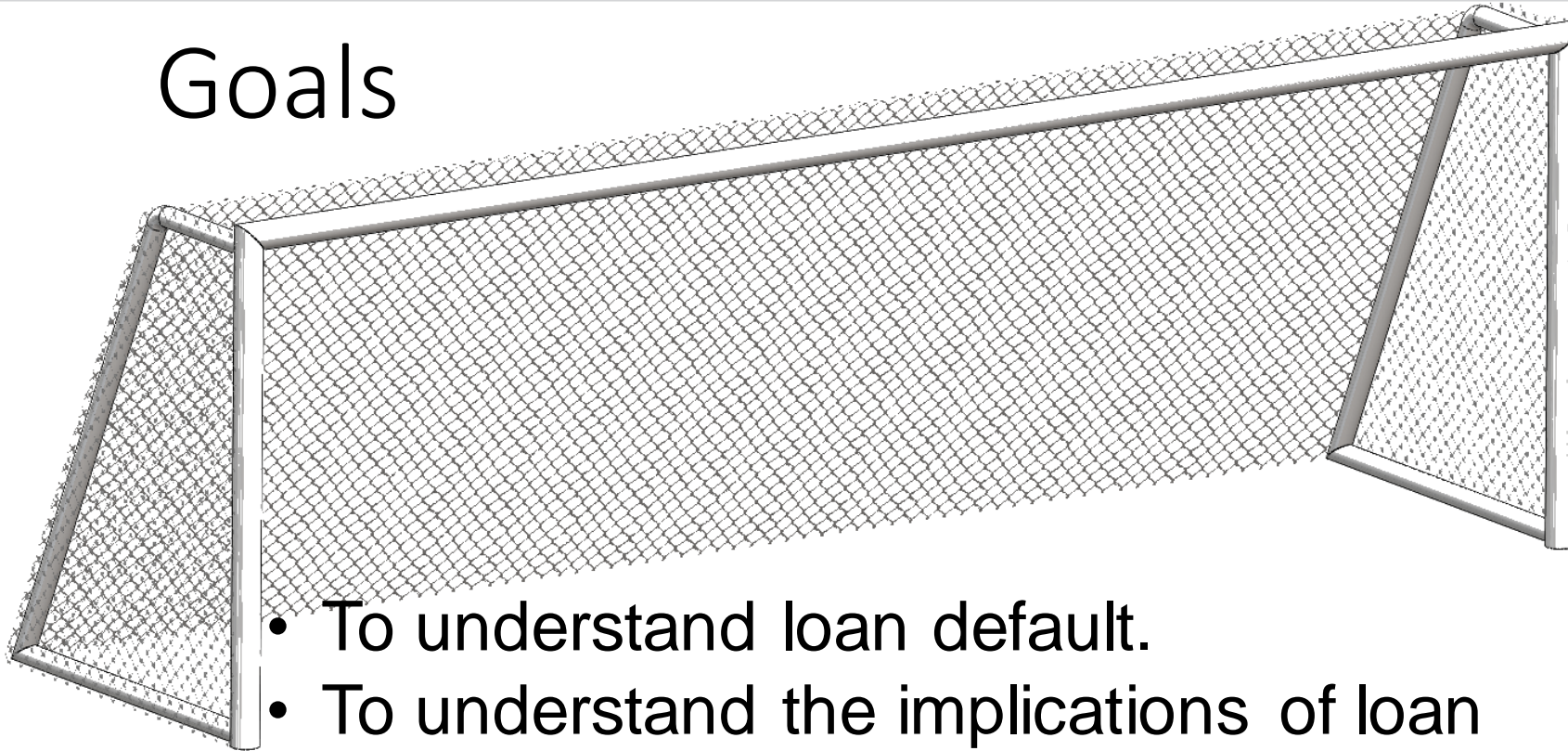


\$22,135

\$3,000



## Goals



- To understand loan default.
- To understand the implications of loan default.
- How loan default can be tackled.
- How Lynn University is tackling loan default.



## Introduction

## Activity







\$0.87



\$2.29



\$0.67







*Student loan debt has become the norm in society  
(Friedman, 2017)*



## What is Student Loan Default?

## Student Loan Default

- *Default* is failing to make a due payment on a student loan. For most student loans, you will go into default if you fail to make a payment on the loan in more than 270 days (Department of Education, 2017).
- *Cohort Default Rate* is the percentage of those students who have left the institution, and gone into the repayment period on their student loans, and defaulted in the repayment of these loans before the end of the next one to two fiscal years (Department of Education, 2017). The Cohort Default Rate is the average rate based over a three-year period (Department of Education, 2017).





What are the Implications for the Student of going into student loan default?

## Student Implications

- Entire unpaid balance becomes immediately due
- No longer eligible for forbearance or deferment
- Lose eligibility for federal student aid
- Reported to Credit Agencies – Impact on credit rating
- Tax refunds and federal benefit payments may be impacted
- Wages can be garnished
- Court and collection costs
- Takes time to re-establish good credit
- School may hold academic transcript







[https://www.youtube.com/watch?v=tloVHJtrJ\\_k&list=RDtloVHJtrJ\\_k&start\\_radio=1](https://www.youtube.com/watch?v=tloVHJtrJ_k&list=RDtloVHJtrJ_k&start_radio=1)





What are the Implications for the Institution of a high cohort default rate?



## Institution Implications

- If a school's three most recent cohort default rates exceed 30.0% for the three year calculation, a school will lose eligibility to the Direct Loan and Pell Grant programs for the remainder of that fiscal year and the following two fiscal years.
- If a school's current official cohort default rate is greater than 40.0% for the three year cohort default rate calculation, a school will lose eligibility to the Direct Loan and Pell Grant programs for the remainder of that fiscal year and the following two fiscal years.

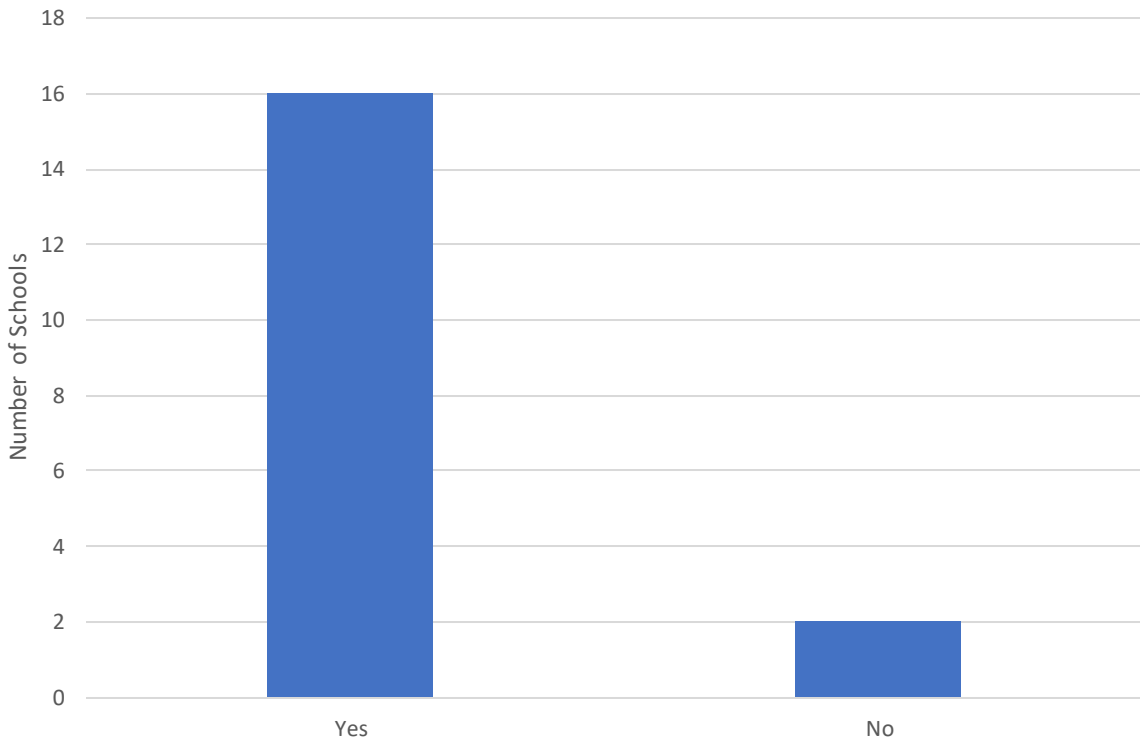




*Universities carry a moral obligation to help their students learn about and understand student loan debt, rather than allowing them to incur any unwanted or wasteful debt.  
(Cull & Whitton, 2011)*



Do you believe that financial literacy programs can positively impact on an institutions cohort default rate?

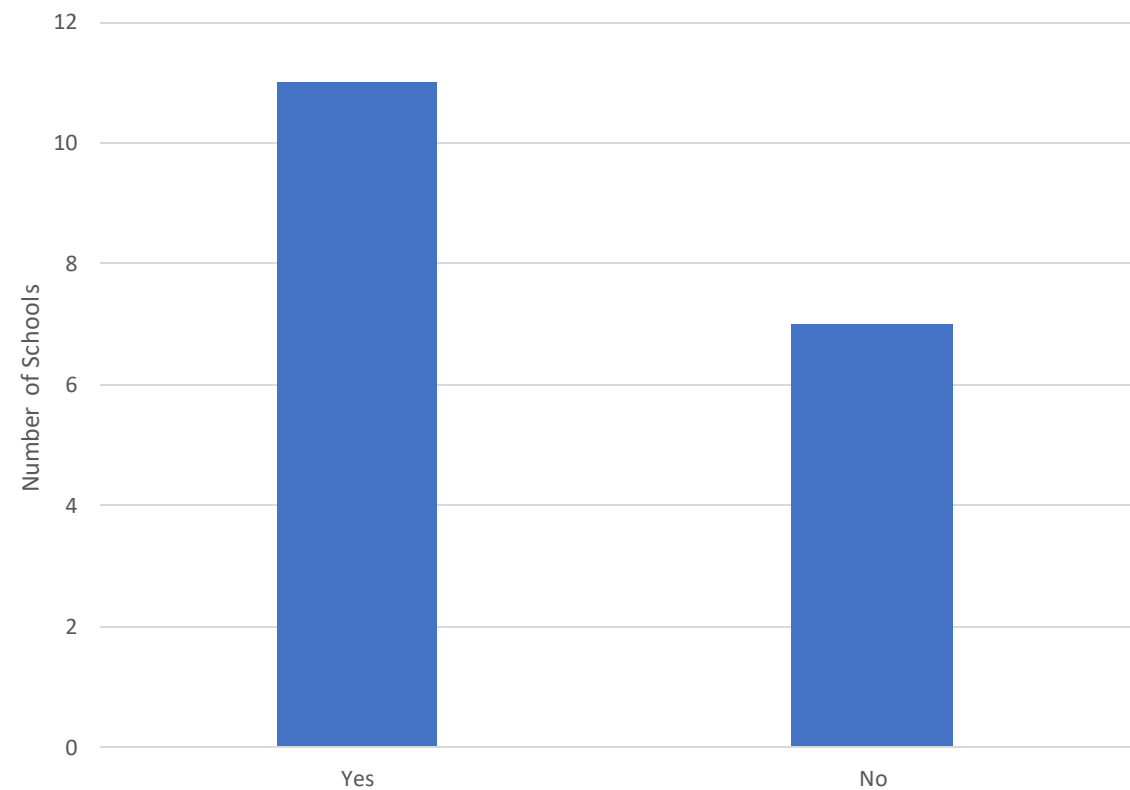


Taken from a Survey of 70 universities and colleges in the State of Florida





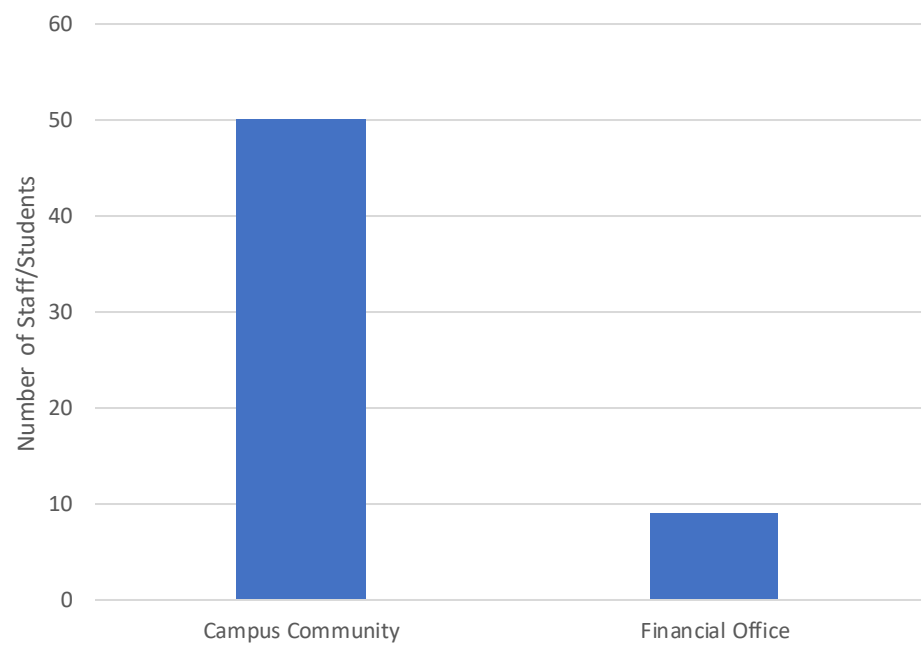
Do other departments on campus help in the design, running and coordination of the financial literacy program?



Taken from a Survey of 70 universities and colleges in the State of Florida



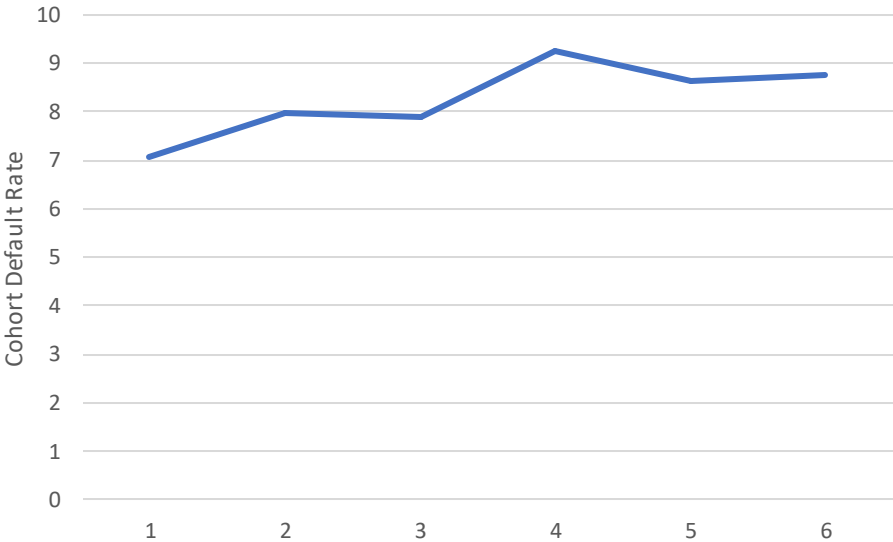
Do you feel that there is an overall campus responsibility to educate students about student loans, credit cards, money management, credit reporting and other such areas, or do you feel it is solely the responsibility of the financial office?



Taken from a Survey of a private institution in the State of Florida

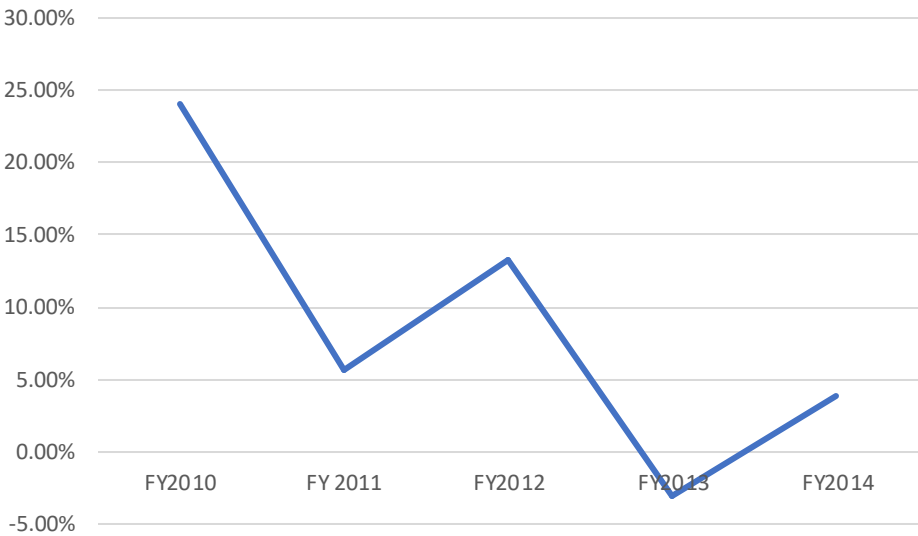


# Average Respondent Cohort Default Rate





# Average Respondent Percentage Change in Cohort Default Rate





*President's Advisory Council on Financial Literacy has recommended that all college-level students should learn about finance as one of the foundation stones of citizenship.  
(Kezar & Yang, 2010)*





**Open the link below on your iPad**

<https://pollev.com/morganosulli206>



## Financial literacy and the financial landscape

## Financial Literacy - Background

Defined as “the application of knowledge, understanding, skills and values in... financial contexts and the related decisions that impact on self, others, the community and the environment” (Cull & Whitton, 2011).





# How the financial landscape has changed

Michigan State University	1979	2018
Cost Per Credit	\$24.50	\$478
Minimum Wage	\$2.90	\$9.25
Hours Work Per Credit	8.44 Hours	51.67

1979, \$24.50 = 8.44 hours of work will pay for 1 credit

1979, \$367.50 = 126.6 hours of work will pay for 15 credits

2018, \$478 = 51.67 hours of work will pay for 1 credit

2018, \$7,170 = 775 hours of work will pay for 15 credits



*The reality is that many parents shield and protect their child from the world of college costs.  
(Clark, 2016)*





## Tackling student debt

## Research Findings

- Understanding financial literacy is essential to all of the campus
- Large level of responsibility: Students, parents, high school teachers
- Peer-to-peer
- Incorporate into an existing class
- On campus programs
- Off campus groups





## On Campus Programs

- Face to Face
- Workshops
- Online
- Incorporating into classes



## Peer-to-Peer

- Seniors and Freshmen
- Results suggest peer-to-peer is successful (Maurer & Lee, 2011)
- Ongoing v. One off Session







## Academic Standards

- Research from Verschoor (2015) suggests that universities must maintain high academic standards in their program offerings.
- Many students refuse to pay their loans if they have low levels of confidence in the quality of their degree.
- Particular issue in “For Profit” institutions
- Accreditation also a concern. How can schools receive accreditation that allows federal aid when less than one third of students graduate within six years.





## Retention

- More cost effective to retain than to recruit
- Educate early
- 1% increase in retention of University of 15,000 = \$1.4m annual savings (Sousa, 2015)
- Typical reason students leave is financial. Therefore finances become a campus wide issue, rather than an issue of the student finances office





*Student loan debt is the most common form of debt outside of an individual's mortgage.  
(Verschoor, 2015)*





## Our Strategy - Financial Literacy at Lynn University going forward

Making Things Real



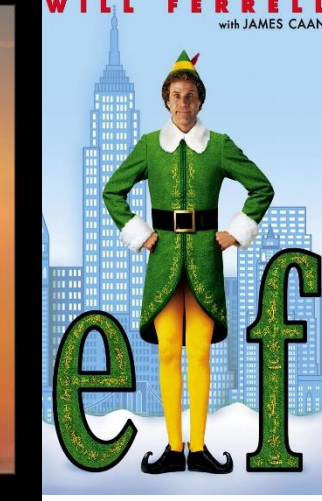
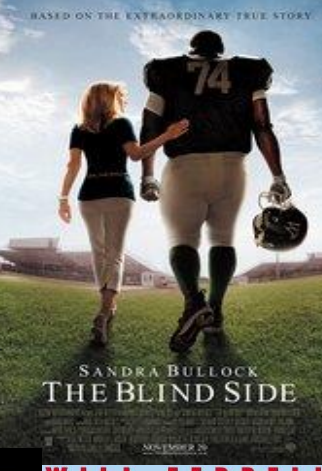
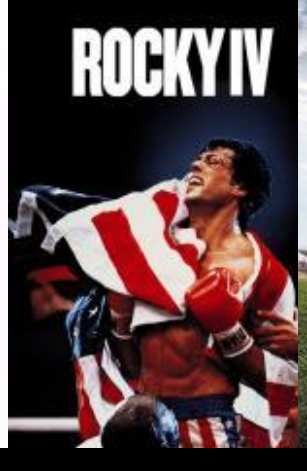
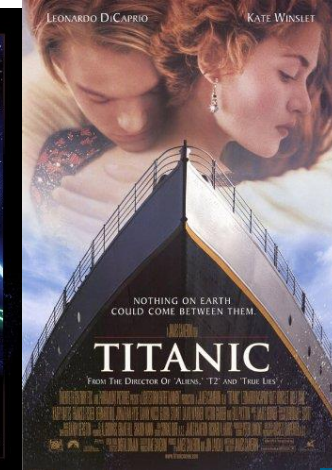
## Activity

### 30 Seconds

to remember as many movies as possible on the following slide



SASFAA







## YOUR MONEY, YOUR WAY.

Making Sound Financial Choices at College and Beyond

By Morgan O'Sullivan



Download on the  
**iBookstore**

## New design

- Originated as a product designed by USA Funds in 2006
- Redesigned for a specific campus in 2007
- Campus wide involvement in redesign
- Interactivity
- Embracing of technology
- 14 years experience





## Areas covered

- Your Money – Needs, Wants, Savings, Credit Cards, Credit History
- Financial Aid – Tuition, FAFSA, Scholarships, Grants, Loans
- Be Smart – Class, Emails, Stress, Connecting on Campus
- Be Prepared – Goal Setting, Civility, Bullying, Harassment, Giving
- The Dream Job – Resumes, Job Hunting, Dress Code, Interviews





## Structure

A screenshot of a presentation slide titled "NEEDS, WANTS & CHOICES" in bold green letters. The slide is displayed on a tablet interface, with a status bar at the top showing "iPad", "4:18 PM", and "5%". The main content area has a white background with black text. On the right side, there are three vertically stacked boxes, each with a title and a large letter: "CHALLENGE C", "TASK T", and "ACTIVITY A". The text on the slide discusses the concept of needs and wants in the context of financial aid, using examples like a laptop and a dorm room. At the bottom center, there is a small yellow circle with the number "3".

**NEEDS, WANTS & CHOICES**

We are surrounded by choices every-time we make a purchase. When eating in a restaurant we receive multiple different choices of potato, from roasted to mashed and from fried to sweet, to name but a few. When we spend our money we have to ensure that we are receiving value for money and ensure that we are making wise and sensible choices.

A Need is something that is required for everyday living. It is something that we cannot do without. For example a student attending college would require text books for class in order to achieve successful grades.

A Want is something that would be nice to have but is not a necessity. For example it would be nice to have a forty inch TV in a dorm room, but it is not essential to helping a student graduate. Many items can generate debate whether they are Needs or Wants. For example is a laptop a need or want for a college student. Some would argue that it is a Want as students could avail of computers in the school library. Others would suggest it is a Need as it would not be safe working late into the night in the library, rather than in the safety of their own dorm.


At a college level it is too simplified to break everything down into Needs and Wants. It may be more accurate to describe the day to day financial choices we make as unavoidable expenses and pleasure based expenses. What is important is that when we

3

- Individualized Learning
- Group Learning
- Sharing
- Activities
- Facts

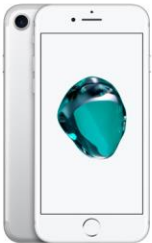


iPhone 6




Silver

iPhone 7



Silver

iPhone 8




Silver


iPhone 6

4.7"  
Retina HD display

8MP  
camera

1.2MP  
FaceTime HD camera

  
Touch ID

  
A8 chip


\$299


iPhone 7

4.7"  
Retina HD display

12MP  
camera

7MP  
FaceTime HD camera

  
Touch ID

  
A10 Fusion chip


\$449


iPhone 8

4.7"  
Retina HD display

12MP  
camera

7MP  
FaceTime HD camera

  
Touch ID

  
A11 Bionic chip with Neural Engine

\$599

## How do we spend?



\$19  
or  
\$78



iPad

4:20 PM

4%

## REVIEW

### Question 1.

Which of the following is NOT a credit reporting agency?

- ☐ A. Equifax
- ☐ B. Experian
- ☐ C. Crediiterian
- ☐ D. Transunion

Check Answer

### Question 2.

What is the best way to maintain a good credit report?

- ☐ A. Paying all of your bills on time
- ☐ B. Do not let your credit card balance get too close to the limit
- ☐ C. Pay at least the minimum amount due on your credit card every month and more if able.
- ☐ D. All of the above

Check Answer

### Question 3.

Which is listed first at the bottom of a check?

- ☐ A. Bank Routing Number
- ☐ B. Bank Account Number
- ☐ C. Check Number
- ☐ D. Date

Check Answer





## The Presenter



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iBook: "YOUR MONEY, YOUR WAY.  
Making Sound Financial Choices at  
College and Beyond"

Link:

<https://itunes.apple.com/us/book/id1374794635>



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guidebook